

Message Text

SECRET

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43

ACTION SS-30

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FM USINT CAIRO

TO SECSTATE WASHDC 5265

S E C R E T CAIRO 625

EXDIS

E.O. 11652: GDS

TAGS: BEXP EG

SUBJECT: SUMED NEGOTIATIONS

REF: CAIRO 589

1. DURING QUICK ONE-DAY VISIT TO CAIRO FROM BEIRUT, DORMAN AND HART OF BECHTEL MET WITH KRUSH AND TAHIR AMIN TO DISCUSS OUTSTANDING ISSUES. ACCORDING HART, ALTHOUGH BECHTEL HAS NOT YET FORMALLY ACCEDED TO EGYPTIAN REQUEST TO EXTEND INITIAL CONTRACT, EGYPTIANS ARE MINDFUL OF CONTINUING BECHTEL INTEREST AND MEETING WENT WELL.

2. BECHTEL WAS ASSURED IT SHOULD BE POSSIBLE TO OBTAIN NEEDED FINANCIAL GUARANTEES. TENTATIVE THINKING IS TO DO THIS IN THE FORM OF A "LETTER OF COMFORT" WHICH SUMED WILL PROVIDE INDICATING THAT THE 200 MILLION DOLLARS WHICH OTHER ARAB STATES ARE TO CONTRIBUTE TO SUMED WILL BE DEDICATED TO BECHTEL. (UP TO NOW, ONLY 50 MILLION DOLLARS OF THIS TOTAL HAS BEEN PROVIDED.) AS TO BALANCE NEEDED BY BECHTEL, EGYPTIANS NOTED DR. KAISOUNI AND NATIONAL BANK MANAGER HAMID EL SAYEH ARE CURRENTLY DISCUSSING WITH EXIM THE POSSIBILITY OF SOME SORT OF A CREDIT. SINCE UNITED STATES PROCUREMENT IS NOW LIKELY TO BE LESS THAN HAD INITIALLY BEEN ANTICIPATED, EGYPTIAN FALL-BACK IS THAT PART OF 80 MILLION DOLLAR LOAN OFFERED BY CHASE MAY BE AVAILABLE FOR THIS PURPOSE.

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3. REGARDING BECHTEL'S AUTHORITY VIS-A-VIS SUPPLY CONTRACTS

AS SET FORTH IN SUPPLEMENTAL LETTER, EGYPTIANS WILLING TO SEND REPRESENTATIVE TO BECHTEL OFFICE IN SAN FRANCISCO IF BECHTEL MANAGEMENT AGREES. DORMAN IS FLYING TO SAN FRANCISCO TOMORROW TO DISCUSS MATTER. HART SAID THAT, AT MY SUGGESTION, THEY HAD STRESSED ANY SUCH EGYPTIAN REPRESENTATIVE MUST BE GIVEN FULL DECISION-MAKING AUTHORITY TO AVOID COSTLY DELAYS. EGYPTIANS ASSURED BECHTEL TEAM THIS WILL BE DONE. EGYPTIANS HAD ALSO REITERATED THAT LETTER RE POSSIBLE ACTS BY USG MAY BE WITHDRAWN.

4. DORMAN AND HART RETURN TO BEIRUT THIS AFTERNOON. HART WILL COME BACK FEBRUARY 9 AND PLANS TO BE HERE AT LEAST A WEEK OR MORE IF NECESSARY. HE WILL BE ON TAP TO WORK WITH EGYPTIANS TO IRON OUT DETAILS AS NECESSARY. IF THESE ARE SATISFACTORILY RESOLVED, AND HART SEEMS HOPEFUL, SENIOR BECHTEL TEAM WILL COME TO FINALIZE CONTRACT.
EILTS

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